



U.S. Department of Justice

*United States Attorney
Eastern District of Virginia*

*Paul J. McNulty
United States Attorney*

Main Street Centre

804/819-5400

Richmond, Virginia 23219-2447

600 E. Main Street

NEWS RELEASE

**For Release: May 18, 2005
Richmond, Virginia**

**Contact: Ann Helms
(804) 819-5472**

Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced the return of a federal grand jury indictment charging Dr. Marc Blatstein, age 51, of Fredericksburg, Virginia, with seven counts of health care fraud. Dr. Blatstein is a podiatrist who has maintained an office at the Central Park shopping complex in Fredericksburg, Virginia, since 1997.

The indictment alleges a fraudulent billing scheme in which Dr. Blatstein made false claims for facility fees to which he was not entitled for use of an "Ambulatory Surgery Center." According to the indictment, in 1999 Dr. Blatstein devised a scheme to make it appear that he had created a Surgery Center separate from his office. He then submitted claims to insurance providers for facility fees for podiatric procedures he claimed to have performed at the Center. The providers, however, limit facility fees to locations that are free-standing and separate from the doctor's office. Dr. Blatstein's Center, according to the indictment, was actually located within his office. He was, therefore, not entitled to the facility fees he sought for procedures performed there. It is alleged that Dr. Blatstein attempted to make the Surgery Center appear to be separate from his office by, among other things, using a separate tax ID number, a separate P.O. Box mailing address, and a separate telephone line for the Center. The indictment charges several instances where Dr. Blatstein claimed as much as \$4,454 in facility fees for the removal of an ingrown toenail at a fee above and beyond what he claimed for his professional services. The total amount of false claims alleged in the indictment is \$501,736. The maximum penalties for each count of health care fraud are ten years of imprisonment and a \$250,000 fine.

Also announcing the Indictment are Donald W. Thompson, Special Agent-In-Charge, Federal Bureau of Investigation, Richmond Resident Office; Patrick J. Doyle, Special Agent in Charge of Investigations, U.S. Department of Health and Human Services; and Michelle Schmitz, Special Agent-In Charge, Southeast Region, U.S. Office of Personnel Management.

The case is being investigated by the FBI, U.S. Department of Health and Human Services, Office of Inspector General, and U.S. Office of Personnel Management, Office of Inspector General. The case is being prosecuted by Assistant United States Attorney Laura C. Marshall.

###